

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Mark & Robin Barnett,

Petitioners-Appellants,

v.

Linn County Board of Review,

Respondent-Appellee.

ORDER

Docket No. 11-57-0231

Parcel No. 12363-53010-00000

On February 24, 2012, the above captioned appeal came on for consideration before the Iowa Property Assessment Appeal Board under Iowa Code sections 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellants Mark and Robin Barnett were self-represented and requested a written consideration. The Linn County Board of Review was represented by Assistant County Attorney Gary Jarvis. Both parties submitted evidence in support of their positions. The Appeal Board having reviewed the entire record and being fully advised, finds:

Findings of Fact

Mark and Robin Barnett, the owners of a residentially classified property located at 4612 Blarney Drive, Cedar Rapids, Iowa, appeal from the Linn County Board of Review regarding their 2011 property assessment. The January 1, 2011, assessment of \$574,040, allocated as \$55,740 in land value and \$518,300 in improvement value.

The subject property is a one-story, frame, single-family residence built in 1999. The improvements include 3045¹ square feet of above-grade finish and a full basement with 1860 square feet of living-quarter finish. Additional improvements include a 960 square-foot heated, attached

¹ An appraisal provided as evidence by the Barnetts reports the above grade living area to be 3135 square feet and the finished basement area as 2074 square feet.

garage; a 151 square-foot open porch; a 476 square-foot concrete patio; and two wood decks totaling 542 square feet. The site is 1.260 acres.

Barnetts protested their assessment to the Linn County Board of Review. They contended the property was assessed for more than authorized by law under Iowa Code section 441.37(1)(b) and asserted the correct fair market value was \$520,500, allocated \$50,000 in land value and \$470,500 in improvement value.

The Board of Review denied the protest.

Barnetts then appealed to this Board and reasserted their claim of over assessment.

Barnetts presented several exhibits to the Board of Review, including an appraisal, a purchase contract, a HUD-1 settlement statement, and an insurance coverage worksheet. Barnetts assert they purchased the subject property in September 2011 for \$520,500. They state the property had been on the market “for over four years.” They included a subject listing history that confirms the property had first been listed in April 2006. This listing history indicates an original list price of \$749,000. It was reduced shortly after the original listing to \$729,000 and remained at that list price throughout the remainder of 2006 and 2007. The listing expired in November 2007. Then, the property was re-listed two years later in August 2009 for \$689,000. That price was reduced, ultimately, to \$598,000, and had a pending sale in July 2010. The history indicates the property sold in September 2010 for \$520,500, as Barnetts stated.

Barnetts provided a copy of an unsigned offer to purchase the property dated July 15, 2010. The offer was for \$520,500. Because it is unsigned, we give this offer no consideration.

Barnetts also provided a copy of a HUD-1 settlement statement that indicates a contract price of \$520,500. Additionally, the subject property record card also indicates a transfer in September 2010 for \$520,500.

Barnetts provided a copy of the appraisal that was completed for the purchase transaction. The appraisal was completed by James L. Potter of James Potter Appraisal and Consulting, Marion, Iowa. The appraisal had an effective date of August 9, 2010, and concluded an opinion of value of \$582,000.

In the appraisal, Potter states he examined four pages of a purchase agreement dated July 18, 2010. We assume this was a signed agreement. He reports the purchase price to be \$580,500. Potter developed the sales comparison approach to value and the cost approach to value.

His cost analysis indicated a total depreciated cost new of \$587,049. He concluded a value of \$70,000 for the site value, and \$517,149 to the improvement value.

In the development of his sales comparison approach analysis, Potter reported three sales. The sales occurred between October 2009 and April 2010, and sold from \$565,000 to \$595,000. All three sales are located within three miles of the subject. Potter limited his search to similar size and quality homes that had only one bedroom above grade. He made minimal adjustments across the board, and gross adjustments range from 0.6% to 5.3%. However, some adjustments are questionable. For instance, the site size adjustments are made to all the sales at \$5000 per acre. This is not consistent with his opinion of value for the subject site of \$70,000, which would either indicate a unit price of \$70,000 or a price per acre of roughly \$55,500. Additionally, Potter makes adjustments for minimal differences such as basement finish. It is questionable whether market participants would notice or pay for such small differences. However, we also recognize that including or not including these minor adjustments would not impact the value conclusions.

After adjustments, his range of value is \$577,065 to \$583,680. He concludes a value of \$582,000. Although, we question some of the adjustments, the comparables are very similar in style, size, and amenities to the subject property. As such, we consider the appraisal to be the best evidence in the record of the fair market value of the subject property.

Lastly, we note Barnetts provided a copy of their insurance coverage for the subject property. It indicates an appraised replacement cost for the improvements of \$622,000 and a requested coverage for the improvements only of \$570,000. These estimates do not include the value of the site. Including the site value would only increase this amount. Also, we recognize the cost is not depreciated. While we recognize insurance costs may not be the best indicator of value, as owners may choose to over or under insure, these costs support the appraisal and, ultimately, the assessment.

Linn County Assessor Julie Kester provided evidence on behalf of the Board of Review. Kester stated that in early 2011 the Barnetts requested a review of the assessment. On April 13, 2011, her office completed a verbal verification of the property's characteristics because there was insufficient time to schedule an on-site inspection prior to April 15.² At this time, the Assessor's Office determined the subject property's assessment was in need of adjustment. According to Kester, the property was reduced from a total value of \$594,040 to a total value of \$574,040. Subsequently, an assessment roll was mailed showing the \$574,000 value.

The Board of Review also provided a worksheet comparing the subject property to five others it considered comparable. One of the properties, located at 9911 Hall Road, was also the most recent sale (2010) in Potter's appraisal. The other four properties are located at 3314 Standlea Road, 4030 Eagle Ridge Drive, 7003 High Point Lane, and 9800 Deer Crest Drive. The spreadsheet essentially compares the assessed values per square foot of the properties to the subject. The subject property has an assessed value per square foot of \$188.52. The five comparable properties on the spreadsheet have assessed values per square foot of \$180.33 to \$237.32, with a median of \$212.48. Kester asserts this supports the Board of Review's position that the subject property is not assessed for more than law. A better analysis for a market value claim, however, would be a comparison of the adjusted sales prices

² After April 15, assessors are not able to alter the assessed values of properties.

per square foot. Even though it is not the best evidence to support the assessment, we agree with the Board of Review this general analysis does not indicate the subject is over-assessed.

Although the record shows the sales price of the subject property is \$520,500, an appraisal of the subject property done in conjunction with the purchase indicates the fair market value of the subject property is \$582,000. Reviewing all the evidence, we find the preponderance of evidence does not support Barnetts' claim that the property is over-assessed.

Conclusions of Law

The Appeal Board applied the following law.


The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

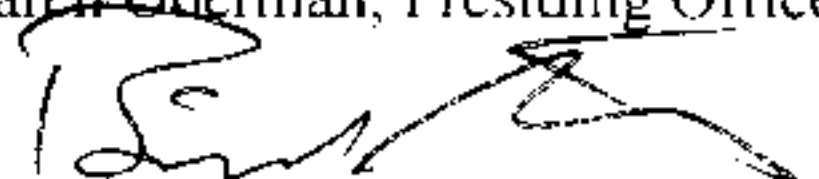
In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

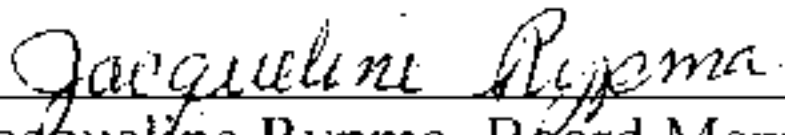
In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Barnetts contend that the fair market value should be equal to the sales price of a property. We agree the sales price of a normal transaction may be an indicator of fair market value, but it may not conclusively establish value. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289 (Iowa 1996). We find Barnetts' appraisal is the best evidence in the record of the fair market value of the subject property. Therefore, we affirm the assessment of their property.

THE APPEAL BOARD ORDERS the assessment of Mark and Robin Barnett's property located at 4612 Blarney Drive, Cedar Rapids, Iowa, of \$574,040, as of January 1, 2011, set by Linn County Board of Review, is affirmed.

Dated this 13 day of April, 2012.


Karen Oberman, Presiding Officer


Richard Stradley, Board Chair


Jacqueline Rypma, Board Member

Cc:

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APPELLANTS

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ATTORNEY FOR APPELLEE

Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>4-13</u> , 2012	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	<u><i>Gary Jarvis</i></u>